

## NOTICE TO NEWLY APPOINTED MASTER COMMISSIONERS

Master Commissioners are considered employees of the Commonwealth of Kentucky for social security purposes pursuant to Section 218 of the Social Security Act. This is in recognition of the fact that these officials perform services for the Commonwealth as an officer and should be entitled to the same privilege accorded other state employees in social security coverage.

The following information is a review of the procedures for the reporting of social security and Medicare (FICA) and the voluntary payment of federal and state income taxes.

In order to take advantage of the FICA coverage offered by the Commonwealth, all commissioners must report on Form SS-16 (furnished to you by this Branch) the amount of all official earnings, up to the maximum reportable amount subject to the provisions of the Rules of Civil Procedure—Rule 53.07 for a given year.

Rule 53.07 establishes the maximum amount of \$48,000 per annum for personal compensation derived from fees as a master commissioner, unless the Chief Justice approves a higher maximum. Where the master commissioner also serves as the domestic relations commissioner, the total personal compensation may not exceed \$96,000 per annum, again unless approved by the Chief Justice. If your maximum amount for personal compensation has been increased, send our office a copy of the letter you received from the Administrative Office of the Courts establishing your maximum.

### Points to remember:

- An annual supply of Forms SS-16 is sent to each commissioner in January.
- Social security contributions must be paid on services covered by the Section 218 agreement even if the official performing such services is already receiving social security benefits.
- Income reported for FICA purposes must be reported when paid, not when earned. For example, if you earned a fee in March but were not paid until October, report the income on the Form SS-16 for October.
- Please contact this office—(502) 564-3952—for additional instructions if you are a member of the Kentucky Retirement System in your Commissioner's position.
- The Social Security Coverage & Reporting Branch will provide a Form W-2 to you in January of each year reflecting wages reported for the previous year, provided the reports were submitted timely.
- **Notify our office if you resign the commissioner position.**

Click [here](#) to register by e-mail to begin receiving Forms SS-16 for reporting wages and taxes earned as Master Commissioner. Please include full name, county, address, and phone number in the e-mail.

A master commissioner may voluntarily request payment of income tax from the fees received for the performance of service as a commissioner that would otherwise be exempt from such withholding. Such voluntary agreements are permitted only for payments that are includible in gross income and are applicable to all such payments received for the performance of service in the position of a commissioner. This option is available under Section 3402(p) of the IRC.

Voluntarily payment of your federal and state income tax (in addition to FICA taxes that commissioners already pay) may eliminate the need for estimating quarterly state and federal tax payments or reporting under a personal Employer Identification Number (EIN). **Participation in voluntary withholding of state and federal income tax requires:**

- The commissioner **must** ask for voluntary withholding via a written request to the Social Security Coverage & Reporting Branch.
- The Branch will send the commissioner a voluntary withholding agreement (Form SS-FIT) and a Form W-4, both of which must be completed and returned to the branch.
- Monthly report forms (Form SS-16a) required for the voluntary payment of federal income tax, state income tax and FICA will be supplied by our office upon receipt of the voluntary withholding agreement.
- Each completed monthly report (Form SS-16a) for federal income tax, state income tax and FICA submitted to this office must be accompanied by separate checks—each made payable to the Kentucky State Treasurer. That is, one report and one check for federal income tax, one check for state income tax and one check for FICA contributions must be submitted monthly to the Branch which will deposit the checks with the appropriate agency.
- At the end of the tax year, your Form W-2 will reflect all state and federal income tax paid under this voluntary agreement, in addition to the FICA contributions.

If you have any questions concerning this information, please contact the Branch at:

Division of Local Government Services  
Social Security Coverage and Reporting Branch  
PO Box 639  
Frankfort KY 40602-0639  
Phone: (502) 564-3952 Fax: (502) 564-2124